



EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

July 11, 2007

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

Re: House Bill No. 15 HD2 SD2 CD1

On July 10, 2007, House Bill No. 15, entitled "A Bill for an Act Relating to Education" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

The purpose of this bill is to establish the Felix Stipend Program Special Fund. Repayments from students who failed to meet their contractual agreements with the Department of Education under the Felix Stipend Program will be deposited into this fund, and fund moneys will then be used for the Felix Consent Decree Recruitment and Retention Program, or any successor programs, and related costs.

Although this bill recognizes the Department of Education has encountered challenges in recruiting and retaining special education teachers for public schools, this bill presents two concerns.

According to financial records, the existing Felix Stipend Program has a 30% default rate on student stipends. This indicates that the program has not been as successful as was intended and should not be expanded until a proper review and assessment can be conducted based on the merits and problems with this program.

Second, there are concerns with the establishment of a special fund that does not meet the statutory criteria for a special fund. It appears the Stipend Program Special Fund created in this bill would not be self-sustaining. The Department of Education testified that an appropriation amount of \$50,000 for the fund was recommended, based on average yearly collections for the program. Instead, this bill does not allow legislative appropriations to be deposited into the fund, and appropriates \$250,000 out of the fund. Based on the Department's estimate of \$50,000 in yearly collections, it is unlikely that the Department would be able to operate the retention and recruitment program without a general fund appropriation to supplement the repayments.

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and Members of the Senate
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For the foregoing reasons, I allowed House Bill No. 15 to become law as Act 276,
effective July 10, 2007, without my signature.

Sincerely,

A handwritten signature in dark ink, appearing to read "L. Lingle", with a stylized, cursive script.

LINDA LINGLE